

MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
JULY 16, 1991

A Regular Meeting of the Illinois Gaming Board was held at 9:30 A.M. on July 16, 1991, at 9511 West Harrison, Des Plaines, Illinois. The meeting was called pursuant to the regular meeting schedule established on January 15, 1991, and notice was duly and timely given to each Board member and to the general public in conformity with Section 2.02 of the Illinois Open Meetings Act.

The following Board members were present: William J. Kunkle, Jr., Chairman; and Board Members William J. Chamblin, Robert Gibson, J. Thomas Johnson, and Raymond C. Niepert. Also in attendance were Morton E. Friedman, Administrator; Deputy Administrators J. Thomas Hutchison, Joseph McQuaid and Marcy Wolf; Donna B. More, Chief Legal Counsel; James A. Nelson, Secretary to the Board; other Board staff, members of the media and the general public.

The meeting was called to order at 9:29 A.M. by Chairman William J. Kunkle, Jr.

The first order of business was approval of the minutes of the Regular Board Meeting held on April 9, 1991. Member Chamblin moved that the minutes be approved as submitted. Member Gibson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously.

The next order of business was the approval of the minutes of the Special Meeting held on April 16, 1991. Member Chamblin moved that the minutes be approved as submitted. Member Gibson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously.

The next order of business was a presentation of the Administrator's Report with respect to Proposed Rulemaking. The Chairman recognized Administrator Morton E. Friedman.

Mr. Friedman stated that members had received an advance copy of proposed rulemaking and requested the Board's approval for filing this comprehensive set of rules under the emergency rulemaking provisions of the Illinois Administrative Procedure Act ("APA"). The Board was also asked to approve the simultaneous filing of the rules under the general rulemaking provisions of the APA. Mr. Friedman highlighted for the Board various provisions of the rules.

Chairman Kunkle recognized Member Johnson for discussion of the proposed rules and rulemaking.

Member Johnson first asked procedural questions concerning proposed rules previously filed under the Administrative Procedures Act. Mr. Friedman responded that the previously filed proposed rules would be withdrawn.

Member Johnson moved that the Rule 3000.245 be amended by inserting the word "number" in 3000.245(b)(2)(D). The motion was seconded by Mr. Chamblin. The Chairman called for the ayes and nays. The motion was approved unanimously.

Chairman Kunkle next recognized Member Niepert for questions.

Member Niepert discussed concerns with respect to peace officers not being allowed to carry weapons on the boat without first notifying the Board agent on duty, Rule 3000.180. Member Niepert moved that rule 3000.180 be amended to include the phrase "on duty within their jurisdiction" after the word "Peace Officers" and strike the remainder of the sentence. Member Johnson seconded the motion.

The Chairman called for the ayes and nays be hand vote as follows:

Member Chamblin	Aye
Member Gibson	Aye
Member Johnson	Aye
Member Niepert	Aye
Mr. Chairman	Nay

The motion was approved 4 ayes, 1 nay.

Member Niepert next moved that rule 3000.1010(c) be amended to read as follows:

"c) No Riverboat liquor license shall be issued to a holder of an Owner's License an owner prior to the issuance of an Owner's License by the Board. The holder of an Owner's License shall submit to the Commission a certified copy of the Owner's License prior to issuance of a Riverboat Liquor license."

Member Johnson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

The Chairman recognized Member Johnson for further questions.

Mr. Johnson moved that rule 3000.235(b) be amended to clarify the conditions of transferability of ownership interest and suggest the rule read as follows:

"b) Ownership Interest may not be Pledged. An ownership interest in an Owner's License or in a business entity other than a publicly held business entity which holds, either directly or indirectly, an Owner's License may not be pledged as collateral to other than a regulated bank or savings and loan association without leave of the Board."

Member Gibson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

Member Gibson moved to authorize promulgation of the Emergency Rules as amended and to withdraw the previously filed proposed rules. Member Niepert seconded the motion. The Chairman called for the ayes and nays by hand vote as follows:

Member Chamblin	Aye
Member Gibson	Aye
Member Johnson	Aye
Member Niepert	Aye
Mr. Chairman	Aye

The motion was approved.

Member Johnson moved that the proposed rules, identical to the Emergency Rules as amended and just approved, be filed under the general rulemaking provisions of the Administrative Procedure Act. Member Gibson seconded the motion. The

Chairman called for the aye and nays. The motion was approved unanimously by voice vote.

The next item of business was the status reports of Round One designated owner licenses. The Chairman recognized Mr. Thomas Long of the Alton Riverboat Gambling Partnership. Mr. Long told the Board he was requested approval of the Board for a different boat than originally proposed, a change in the Partnership's capital structure and a new operational start date. Mr. Long stated that with respect to the different boat, the enterprise had obtained a smaller vessel for contractual and economic reasons. He stated that to achieve the original financial impact that the smaller vessel would operate six cruises each day. Mr. Long stated that along with the smaller boat, the partnership planned to either build a second boat or proceed with the construction of the original, larger boat. Mr. Long next informed the Board that shareholder Jimmy Connors had left the partnership to continue his career in professional tennis and that existing shareholder William McEnery had agreed to increase his monetary commitment to the partnership to replace Mr. Connors. Lastly, Mr Long asked the Board to approve an operational starting date window of August 9 - 15, 1991.

Mr. Long then answered questions regarding the Alton riverboat casino from various Board members.

The Chairman next called on Greater Peoria Riverboat Corporation and recognized Mr. Thomas Moore, attorney for the corporation. Mr. Moore stated that Greater Peoria was requesting that the Board approve the enterprise's boat, an operational start date and approval of its casino manager. Mr. Moore reviewed the progress of the enterprise's completion of capital structuring, noting that three-fourths of ownership is held by Illinois residents. He also stated that the enterprise has secured a riverboat that will be named the Par-A-Dice. Mr. Moore stated that the enterprise would be opening a gaming school during late July and were planning an operational start date during the period of October 15 to November 1, 1991. The Chairman asked for discussion and recognized Member Johnson. Member Johnson asked questions regarding the capitalization of the enterprise.

Mr. Moore next introduced Mr. Lawrence Suffredin, counsel for Casino Cruises Inc., which Greater Peoria was requesting be licensed as its supplier of casino management services. The Chairman recognized Mr. Suffredin.

Mr. Suffredin offered remarks describing the ownership of Casino Cruises, Inc. which included Mr. Bernard Goldstein. He also stated that the application for an owner's license received from Mr. Bernard Goldstein in the name of Casino Packet Boat Company would be withdrawn in favor of being granted a Supplier's License to be the casino manager for the Greater Peoria Riverboat Corporation. He further stated that Mr. Goldstein's children who were shareholders in Greater Peoria would ask to be allowed to withdraw from the Des Plaines Development Corporation, the Joliet applicant.

The Chairman next called on the Jo Daviess Riverboat Corporation and recognized Mr. James Sheerin. Mr. Sheerin, President of Jo Daviess Riverboat Corporation, stated that the Corporation had signed a contract for the purchase of land located on Frenress Lake and noted that the U.S. Army Corps of Engineers had approved the location. He stated that the boat was under construction and would be twice as large as originally proposed and would carry 1,500 patrons and have 850 gaming positions. He also noted that Jo Daviess County had hired an

engineering firm for infrastructure improvements. Mr. Sheerin stated that the enterprise was anticipating a first quarter 1992 date to commence operations.

The Chairman asked for discussion and recognized Member Johnson.

Member Johnson asked questions concerning the capital structure of the Corporation and requested that the enterprise submit a new presentation on the number and holdings of all investors. There was no further discussion.

The Chairman next called on Rock Island Boatworks, Incorporated and recognized Mr. Michael Ficaro, counsel for the corporation. Mr. Ficaro stated that the enterprise was on target for beginning operations during the first quarter of 1992. Mr. Ficaro stated that the only change in the application was an expansion of the docking facility.

The Chairman asked for discussion. There were no questions by members of the Board.

The next order of business was the selection on an accounting firm to perform services in connection with the Greater Peoria Riverboat Corporation. The Chairman recognized Deputy Administrator Marcy Wolf.

Ms. Wolf stated that eleven accounting firms had responded to the Board's Request for Proposals. She explained the methodology and criteria that was used in the evaluation process. Based on all available information, Ms. Wolf stated that the staff was recommending that the firm of Coopers and Lybrand of Chicago be selected at a cost of \$52,242.00 for the engagement.

After discussion, Member Johnson moved that the firm of Coopers and Lybrand be approved as the accounting firm for Greater Peoria Riverboat Corporation. Member Gibson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

The Chairman suggested that the Board recess for lunch and Executive Session and asked that a motion to that effect be made.

Member Johnson moved that pursuant to the Open Meetings Act, Illinois Revised Statutes, 102, Section 42.02, (g), (h) and (k) the Board retire to closed session and reconvene at the hour of 1:00 P.M. Hearing no objections to the contrary, the Board retired to closed session at 11:50 A.M.

The Illinois Gaming Board reconvened its regular meeting at 1:13 P.M. with all members present. The Chairman re-called Alton Riverboat Gambling Partnership for additional questions. Mr. J. Thomas Long appeared representing the applicant. The Chairman recognized Member Johnson. Member Johnson asked additional questions concerning the financial projections of the enterprise and the distribution of profits to investors. Mr. Long stated that there would be capital reserves maintained as well as distributions to investors of profits.

The next order of business was to consider the requests made by the Alton Riverboat Gambling Partnership. Chairman Kunkle first entertained a motion with regard to the proposed change in the applicant's boat capacity. Member Gibson moved that the Alton Riverboat Gambling Partnership be granted approval to reduce the capacity of their proposed vessel from 2,500 to a vessel of 650. Member Niepert seconded the motion. The Chairman called for the ayes and nays by a showing of hands. The members responded as follows:

Member Chamblin	"Aye"
Member Gibson	"Aye"
Member Johnson	"Nay"
Member Niepert	"Aye"
Mr. Chairman	"Aye"

The motion was approved 4 ayes and 1 nay.

The Chairman next entertained a motion with respect to the approval of a replacement investor. Member Johnson moved that Mr. John Biggs Pratt be approved as an investor in the Alton Riverboat Gambling Partnership. Member Niepert seconded the motion. The Chairman called for the ayes and nays be a showing of hands. The motion was approved unanimously.

The Chairman next turned to the request of Greater Peoria with respect to approval of its Gaming Manager.

Member Niepert moved that Casino Cruises Incorporated be approved as the Gaming Manager for Greater Peoria Riverboat Corporation, a Level 1 Occupation License. Member Johnson seconded the motion. The Chairman called for the ayes and nays by a showing of hands. The members responded as follows:

Member Chamblin	"Aye"
Member Gibson	"Nay"
Member Johnson	"Aye"
Member Niepert	"Aye"
Mr. Chairman	"Aye"

The motion was approved 4 ayes, 1 nay.

The next order of business was consideration of applications received for Supplier's Licenses of gaming equipment and supplies. The Chairman recognized Mr. Friedman. Mr. Friedman recommended that the applications received from International Game Technology, Paul Son Dice and Card, Incorporated and Universal Distributing of Nevada, Incorporated be approved as suppliers of gaming equipment and supplies.

Member Chamblin moved that the application for a Suppliers License received from International Game Technology be approved. Member Niepert seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

Member Niepert moved that the application for a Suppliers License received from Paul Son Dice and Card, Incorporated be approved. Member Johnson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

Member Gibson moved that the application for a Suppliers License received from Universal Distributing of Nevada, Incorporated be approved. Member Chamblin seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

Member Johnson asked what other Suppliers License applications were pending.

Mr. Friedman responded that the Board had received an application from Green Duck Corporation, a token manufacturer, and that the application was currently being investigated by staff members.

The next order of business was requests received from applicants under consideration for 1992 Owner's Licenses that consideration of their applications be postponed or that their application be withdrawn from consideration. The Chairman recognized Mr. Friedman. Mr. Friedman stated that the first such request was with respect to Arch View Casino Cruises, Incorporated and asked leave of the Board to hear from Mr. Robert Ogren, attorney for the applicant. Leave was granted.

Mr. Ogren stated that the applicant was requesting a postponement of consideration and leave to amend the application. Mr. Ogren stated that the death of the late Vincent Sauget on May 29, 1991 who was the President of the Corporation and an investor prompted the request to amend the capital formation originally submitted to the Board. He further stated that the applicant wished to amend the docking site, a move of approximately one-half mile from the original site named in the application.

Member Chamblin moved that the application of Arch View Casino Cruises, Incorporated be postponed and that the applicant be allowed to amend the application. Member Johnson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

Mr. Friedman next asked leave of the Board to hear Mr. Lawrence Suffredin, attorney for Casino Packet Boat Company, for the purpose of considering the applicant's request to withdraw from consideration for an Owner's License. Leave was granted. Mr. Suffredin stated the applicant was requesting that the Board approve withdrawal of the application. Member Chamblin moved that the request of applicant Casino Packet Boat Company to withdraw from consideration be approved. Member Johnson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

Mr. Friedman next asked leave of the Board to hear a request from Mr. Charles Sklarsky, attorney for Owner's License applicant Joseph Schadler and Mr. James Montana, Jr., attorney for Owner's License applicant Gerald Mason, principals of Schadler/Mason Partnership. Leave was granted. Mr. Sklarsky, counsel for Mr. Schadler, reviewed the history of the Schadler/Mason Partnership application and indicated that it appeared that the current application could not go forward. Mr. Sklarsky requested that the Board allow Mr. Schadler to maintain his portion of the application for another sixty days at which time Mr. Schadler would announce the identity of an entity that would replace Schadler/Mason Partnership as the applicant in its entirety. Mr. Sklarsky stated that unless the Board approved Mr. Schadler's request, Mr. Schadler was prepared to request that the Board allow the application to be withdrawn.

The Chairman next recognized Mr. Montana, counsel for applicant Gerald Mason. Mr. Montana stated that Mr. Mason opposed Mr. Schadler's request unless Mr. Mason were given sixty days to negotiate with the new applicant to possibly recover his costs. If the Board, however, did not honor Mr. Mason's request, Mr. Mason was prepared to request withdrawal of the application.

After some questioning by Board members on this proposal, Chairman Kunkle stated that the Board would need to consider the requests in closed session along with the pending 1992 applications.

Chairman Kunkle then recognized the Honorable Allen McCauley, Mayor of the City of Moline. Mayor McCauley stated that the City of Moline was being held hostage in the process and that the City was supportive of identifying a highly

qualified candidate to operate in the City of Moline. The Mayor told the Board that a gaming enterprise was part of an overall riverfront development project that was being undertaken in Moline. He stated that he appreciated that Board's efforts to date.

The next order of business was the presentation of the 1992 owner applications. The Chairman recognized Mr. Tyrone C. Fahner, counsel for the applicant, Aurora Riverboats Incorporated. Mr. Fahner introduced Mr. William Weidner, President of the Pratt Hotel Corporation for the applicant's formal presentation.

Mr. Weidner provided the Board with background information concerning Pratt Industries and the Sands Hotel Corporation. His presentation also concerned the marketing plan and economic impact for Aurora Riverboats Incorporated. He stated that the enterprise, if eligible, planned to begin operations by October 1, 1992. Mr. Weidner asked leave of the Board to hear from the Honorable David Pierce stated that the City of Aurora was in support of locating Aurora Riverboats, Inc. in their community and urged the Board's favorable consideration. The Chairman called for discussion on the application and recognized Member Johnson.

Member Johnson asked questions concerning the capital structure and investments of the applicant and the calculation of the average loss per passenger.

The next applicant was Des Plaines River Entertainment Corporation. The Chairman recognized Mr. Anton Valukas, Jr., counsel for the applicant. Mr. Valukas introduced Mr. Tom Lambrecht, Chairman of the Board for Des Plaines River Entertainment Corporation and Mr. Philip Griffith, a member of the Board and a principle of the Fitzgerald Group of Las Vegas, Nevada. Mr. Valukas told the Board the unique aspects of the application. He stressed that the capital structure of the investors will not make it necessary for additional investors and that the current investors had committed to an investment of \$20 million. He noted that the Fitzgerald's Group would become the gaming operations manager for the enterprise. Mr. Valukas stated that the applicant would become operational around Labor Day of 1992.

The Chairman called for discussion on the application and recognized Member Johnson.

Member Johnson asked questions regarding investor William McEnery and his involvement in the Alton Riverboat Gambling Partnership and what would happen if Mr. McEnery exceeded the statutory limitations of percentage holdings as an owner. Mr. Tom Lambrecht responded that the current investors had sufficient resources available to cover any potential problems that might arise.

There was no further discussion.

The Chairman next called on Des Plaines Development Corporation and recognized Mr. Lawrence Suffredin, counsel for the applicant. Mr. Suffredin first introduced Mr. John Q. Hammons one of the applicants for the Des Plaines Development Corporation as well as Joliet city officials. Mr. Suffredin asked the Board to approve a modification to the application to allow the children of Bernard Goldstein to withdraw their interest from the application, making Mr. Hammons the sole investor. He noted that Mr. Hammons was financially able to assume 100% ownership of the corporation.

Chairman Kunkle stated that the Board would consider the request as part of the application and invited Mr. Suffredin to continue his presentation.

Mr. Suffredin described the application and the benefits the operation would bring to the City of Joliet. Mr. Suffredin introduced Mr. John Mezera, city Manager of the City of Joliet. Mr. Mezera stated that the City of Joliet supported the application of Des Plaines Development Corporation. He presented the Board with a petition of support for the application containing some 2,640 signatures. He noted that a gaming enterprise was included in the city's downtown development revitalization plan. He urged the Board's favorable consideration of the application.

The Chairman called for discussion of the application and recognized Member Johnson. Member Johnson asked questions concerning the applicant's passenger and revenue projections. He also asked questions concerning the capital investment of Mr. Hammons in light of the request for withdrawal of the Goldstein family.

Member Chamblin asked whether the Will County Board was in support of one or both Will County applications. Both Messrs Valukas and Suffredin stated that the Will County Board supported both applications.

There was no further discussion.

Chairman Kunkle next called on Southern Illinois Casino Cruises Incorporated and recognized Mr. Michael Ficaro, counsel for the applicant.

Mr. Ficaro requested that Southern Illinois Casino Cruises Incorporated be allowed to continue their application until the next meeting of the Board.

Member Gibson moved that the application of Southern Illinois Casino Cruises Incorporated be continued. Member Chamblin seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

The Chairman next requested that the Board recess to closed session pursuant to the Open Meetings Act, Ill. Rev. Stat., 102, Section 42.02 (g), (h), and (k). Without objection from any member, the Board recessed to closed session at 3:23 P.M.

The Illinois Gaming Board reconvened its meeting at 4:57 P.M. with all members present. The first order of business was the requests made by the Schadler/Mason Partnership. Member Johnson submitted a written motion to wit:

"I move that the Board, consistent with the precedent previously set by the Board in responding to similar requests, that replacing both Mr. Mason and Mr. Schadler by other parties and creating an entirely new business plan, including the rental of dock facilities from Mr. Schadler, is not acceptable as an amendment to a pending application. Therefore, pursuant to the statements of counsel for both Mr. Schadler and Mr. Mason, earlier today, the Board would grant the request for the Schadler/Mason Partnership to withdraw its application."

Member Gibson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote.

The next order of business was the application made by Des Plaines Riverboat Entertainment Corporation. Member Niepert moved that the application for an Owner's License received from Des Plaines Development Corporation be found

preliminary suitable for licensing. Member Gibson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously.

The next order of business was the Administrator's Report concerning pending legislation. The Chairman recognized Mr. Friedman. Mr. Friedman stated that copies of pertinent legislation could be found in the Board member's packets. He noted that he had informed the Governor's Office of the Board's opposition to legislation that would move the location of judicial review of Board decisions to the Circuit Court, and that the legislation was pending gubernatorial action.

Mr. Friedman requested that the Board re-schedule its Regular Meeting in October to October 23, 1991 to avoid a schedule conflict. The request was approved, without objection.

The next order of business was New Business. The Chairman recognized Member Johnson. Member Johnson requested that the Administrator determine when the Board will require a Special Meeting in Alton to finalize that application. Mr. Friedman responded that he currently expected that a Special Meeting would be requested sometime in the month of August, 1991 for that purpose.

There being no further business to come before the Board, Member Johnson moved that the Board stand adjourned. Member Gibson seconded the motion. The Chairman called for the ayes and nays. The motion was approved unanimously by voice vote and the Board stood adjourned at 5:02 P.M.

Respectfully submitted,

James A. Nelson
Secretary to the Board

